

19 October 2015

Mr. Christopher J. Kirkpatrick
Secretary
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st St., N.W.
Washington, DC 20581
United States of America

Dear Mr. Kirkpatrick,

Self-certification of Amendments to SGX-DC Clearing Rules

1 Introduction

1.1 Singapore Exchange Derivatives Clearing Limited ("**SGX-DC**"), a derivatives clearing organisation ("**DCO**") registered with the Commodity Futures Trading Commission (the "**Commission**"), hereby submits a self-certification for amendments to its Clearing Rules (the "**Amendments**") pursuant to Commission regulation 40.6(a).

2 Intended Implementation Date

2.1 The Amendments are proposed to be implemented on or about 30 November 2015, but will not be implemented prior to the Commission's 10 business day review period.

3 Explanation and Analysis

3.1 The Amendments are being made to permit a sell-side clearing member, whose client is unlikely to be able to make delivery under a physically deliverable contract, to request for a transfer of the relevant short positions to another market participant who is able to deliver.

3.2 The Amendments provide a middle ground for a clearing member and his client to avoid a delivery default if they opt to transfer their short positions in a timely manner.

Singapore Exchange Derivatives Clearing Limited

Company Reg No. 200005878M
(A wholly-owned subsidiary of Singapore Exchange Limited)

2 Shenton Way, #02-02 SGX Centre, Singapore 068804
Main: (65) 6236 8888 Fax: (65) 6535 0775

www.sgx.com

3.3 SGX-DC is registered as an approved clearing house under the Securities and Futures Act of Singapore and regulated by the Monetary Authority of Singapore (“MAS”). The Amendments are subject to the MAS’ regulatory concurrence.

4 **Description of Amendments**

4.1 SGX-DC Clearing Rules 6.04.1 and 7.27.5A would be amended and added, respectively, as a result of the Amendments.

4.2 The text of the Amendments with the changes indicated is attached as [Appendix 1](#).

5 **Certification of Compliance with Core Principles**

5.1 The Amendments have been promulgated in respect of SGX-DC’s compliance with Core Principle E on settlement procedures and seek to allow existing positions to be transferred from one clearing member to another where both clearing members consent.

5.2 SGX-DC hereby certifies to the Commission that the Amendments comply with the Commodity Exchange Act, as amended, and the regulations promulgated thereunder.

6 **Public Notice of Pending Certification**

6.1 SGX-DC has made publicly available a notice of the Amendments’ pending certification with the Commission, together with a copy of this submission on its website at [http://www.sgx.com/wps/portal/sgxweb/home/regulation/consult pub/dco submissions](http://www.sgx.com/wps/portal/sgxweb/home/regulation/consult_pub/dco_submissions).

7 **Opposing Views**

7.1 There were no opposing views expressed to SGX-DC by its board or committee members, SGX-DC Clearing Members or market participants that were not incorporated into the Amendments. If any opposing views are received by SGX-DC during the Commission’s review period, such views will be communicated to the Commission accordingly.

8 **Contact Details**

- 8.1 Please do not hesitate to contact the undersigned at jeth.lee@sgx.com or +65 6236 8513 should you require any clarification.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Jeth Lee', with a stylized flourish at the end.

Jeth Lee
Assistant Vice President
Legal (Regulation)

Appendix 1

Text of the Amendments

6.04 Duty of Clearing Members to Mitigate Risk of Non-Delivery
6.04.1
Prior to the Last Trading Day of the relevant Contract, each Clearing Member shall require evidence from its respective Seller or Buyer having accounts on its books, that all open positions which will not be offset on the Last Trading Day will be completed by delivery of the relevant underlying Commodity. If the Seller or Buyer fails to provide such evidence, the Clearing Member shall, <u>unless entitled to opt otherwise under the relevant Contract Specifications</u> , liquidate the remaining open positions on or before the Last Trading Day. Unless otherwise permitted under the relevant Contract Specifications, each Clearing Member shall liquidate any and all open positions relating to lot sizes less than the minimum size prescribed under the relevant Contract Specifications for physical delivery.
7.27 Transfers of Trades
<u>7.27.5A</u>
<u>The Clearing House may, in accordance with any Contract Specifications, transfer existing trades from the books of one Clearing Member to the books of another Clearing Member with the consent of both Clearing Members, or from one Customer Account to another Customer Account of a Clearing Member with the consent of that Clearing Member.</u>

Insertions are shown as red underlined